Government of Maharashtra

Annual Administration Report

UNDER THE

BOMBAY MONEY LENDERS ACT, 1946

FOR THE YEAR 1960-61

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CHAPTER—I

ADMINISTRATION

The Bombay Money Lenders Act, 1946 as amended by the Bombay Money Lenders (Unification and Amendment) Act, 1959 was in force in all the 26 Districts of the Maharashtra State during the period under report. This was the 14th year of operation of the Bombay Money Lenders Act, 1946 in the 13 districts, now forming a part of the Maharashtra State, from out of the area of the pre-reorganised Bombay State. It was, however, the 2nd year of operation of the Act in the 13 districts of Vidarbha and Marathwada areas.

(A) *Registrar General of Money Lenders*:

2. The responsibility for the over-all supervision, control and general administration of the Bombay Money Lenders Act, 1946 devolved on the Registrar of Co-operative Societies till 19th February 1961 who was also designated as the Registrar General of Money Lenders under the Act. Consequent upon re-organisation of the Co-operative Department, however, the Joint Registrar of Co-operative Societies (Administration), Maharashtra State, Poona having been appointed as the Registrar General of Money Lenders continued to hold charge during the remaining period of the year. The following Officers held charge of Registrar General of Money Lenders during the year under report.

Shri L. N. Bongirwar, I. A. S., Registrar of Co-operative Societies, Maharashtra State, Poona.	1-8-1960 to 19-2-1961.
Shri N. D. Vaidya, Joint Registrar of Co-operative Societies, (Administration), Maharashtra State, Poona.	20-2-1961 to 31-7-1961.

(B) *Personal Assistant to the Registrar General*:

3. Shri T. A. Pratinidhi, B.A., LL.B., Registrar of Money Lenders, Poona held charge of Personal Assistant to the Registrar General of

Money Lenders till 19th February 1961. Consequent upon reorganisation of the Co-operative Department, the posts of Special Registrars of Money Lenders were, however, abolished with effect from 20th February 1961 and the post of the Personal Assistant to Registrar General ceased to exist in the new set up of the Co-operative Department.

(C) *Registrars and Assistant Registrars of Money Lenders:*

4. The special gazetted and non-gazetted staff sanctioned for administration of the Bombay Money Lenders Act was continued till 19th February 1961. With a view to effecting better co-ordination and efficient control in all the wings of the Co-operative Department, the Co-operative Department was re-organised and the following posts of special officers and other non-gazetted staff were abolished with effect from 20th February 1961 under Government Resolution, Co-operation and Rural Development Department, No. CSG/2061/5846-J dated 15th February 1961.

(1) 7 Posts of Registrars of Money Lenders.

(2) 17 Posts of Assistant Registrars of Money Lenders.

(3) 9 Posts of Senior Clerks.

(4) 96 Posts of Junior Clerks.

(5) 53 Posts of Peons.

The structure of the establishment for administration of the Bombay Money Lenders Act sanctioned in the new set-up is as follows:—

Registrar General of Money Lenders,
(Joint Registrar of Co-operative Societies,
Administration, Maharashtra State, Poona).

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Registrars of Money Lenders,
(At the Divisional Level),
(Joint Registrars of Co-operative Societies).

———×———

Registrars of Money Lenders,
(At the District level),
(District Deputy Registrars of Co-operative Societies).

———×———

Assistant Registrars of Money Lenders,
(Assistant Registrars of Co-operative Societies).

———×———

Co-operative Officers and Assistant Co-operative Officers,
(Entrusted with the duties performed by Ex-Inspectors of Money Lenders).

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Thus, in the new set up of the Co-operative Department, Joint Registrar of Co-operative Societies (Administration), has been held responsible for the general administration of the Bombay Money Lenders Act, by virtue of his appointment as Registrar General of Money Lenders. The Divisional Joint Registrars of Co-operative Societies who are responsible for the overall supervision, control and general administration of the Co-operative Department in the districts comprised in each Division have been appointed as the Registrars of Money Lenders for the area in their jurisdiction. The District Deputy Registrars of Co-operative Societies are also the Registrars of Money Lenders for their respective districts. The Assistant Registrars of Co-operative Societies working under the control of District Deputy Registrars are also Assistant Registrars of Money Lenders. The Co-operative Officers in the grade of Rs. 150-10-200 and Assistant Co-operative Officers in the grade of Rs. 100-8-140 have been delegated with powers under Section 13-A of the Act and they are required to perform the duties previously entrusted to the Inspectors of Money Lenders.

Thus the gazetted and non-gazetted staff of the Co-operative Department deals with control and regulation of rural and urban credit both under the Co-operative and Private Sectors which are closely inter-linked with each other. Such a co-ordination would, it is hoped, enable the Department to find out ways and means of eliminating the sway of private money lenders and end exploitation of the needy persons throughout the State.

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CHAPTER—II

Operation of the Act

Grant of Licence:

During the period under report, 11,360 applications both for grant and renewal of licences were received, out of which 1,489 were for fresh grant and 9,871 for renewal, as against which 1,339 licences were issued for the first time, while 8,635 licences were renewed. After considering the cases in which the applications were filed, withdrawn or refused, the total number of applications for licences disposed of during the year under report came to 10,476 leaving a balance of 884 applications pending for disposal at the close of the said licensing year. The reasons for pendency of applications for licences may be enumerated broadly as under:—

(1) A detailed inspection of accounts of money lenders could not be completed in complicated cases for one reason or the other.

(2) Some of the money lenders in the interior parts of the districts were not available at the time of visits of the officers of the Co-operative Department there.

(3) Even though the Bombay Money Lenders (U. & A.) Act, 1959 was extended to the Vidarbha and Marathwada areas with effect from 1st February 1960, the registration certificates/licences already issued under the repealed Acts did not expire on any uniform date, since the period of one or two years of validity of the certificates/licences as the case may be, was to be reckoned with effect from the date of issue of such certificate/licence.

(4) Most of the Money Lenders in the component parts were not aware of the legal consequences of their failure to comply with the provisions of the Bombay Money Lenders Act.

(5) A large number of applications received at the fag end of the licensing year was to be linked up with the past records, if any, obtained from the concerned authorities administering the former Acts.

(6) The New Set Up of the Co-operative Department effected far reaching administrative changes in the district establishment of the Department and some time was, therefore, required for moulding the working of the Department in the changed set-up.

2. 2,963 money lenders holding valid licences and/or registration certificates did not apply for renewal of licences during the year 1960-61, more especially from districts of Vidarbha region (Amraoti, Buldhana and Yeotmal). Enquiries are being made for ascertaining the reasons for reduction in the number of licences.

3. 29 Money lenders were refused licences under Section 8 of the Bombay Money Lenders Act. Out of these, 2 money lenders had preferred appeals under Section 8(3) thereof. The Orders of the Registrars of Money Lenders were confirmed in all these cases.

4. The following are some of the salient features of administration of the Bombay Money Lenders Act during the year under report.

(i) During the year 1960-61, no suits were stayed by the Courts under Section 10 of the Act.

(ii) No application was filed in the Court under Sections 30 and 31 of the Act.

5. Since the functional posts were done away under the new set up of the Department, the work of Inspectors of Money Lenders was distributed amongst one or more Co-operative Officers and Assistant Co-operative Officers working in each District. It would, however, be rather premature to assess the overall effect of the delegation of powers under Section 13-A of the Act to the Co-operative and Assistant Co-operative Officers.

Complaints:

6. During the year under report, the Inspectors of Money Lenders and subsequently the Co-operative Officers attended or enquired into 542 complaints including those received prior to 1st August 1960 and contacted 2,684 debtors for collecting evidence with a view to bringing the money lenders concerned to book for contraventions of the provisions of the Bombay Money Lenders Act.

7. A review of the figures of complaints received by the Assistant Registrars and Registrars from the public discloses that the public have now become alive to their responsibilities under the Act and are keen to avail of the beneficial provisions under the Act. The periodical visits by the field staff as well as surprise check of accounts of money lenders have helped to check, if not altogether stop, the illegal activities of the money lenders to an appreciable extent.

8. Prior to amalgamation of the money lenders wing with the Co-operative Section (proper), the Inspectors of Money Lenders were required to tour for 18 days in a month on an average. No such minima could be prescribed in the new set up as the functional posts were since abolished and the Co-operative Officers and the Assistant Co-operative Officers in each district were entrusted with the work relating to control and regulation of private money lending business. The Inspectors of Money Lenders and Co-operative Officers/ Assistant Co-operative Officers after reorganisation were also required to attend Courts in connection with the prosecution cases launched against money lenders in their respective jurisdiction. They attended Courts for 298 days during the year under review. The Co-operative Officers in Bombay City and B. S. D. alone attended Courts for 159 days during the year under report.

9. The Co-operative Officers are also required to keep a constant periodical watch at the Factories or Mills on pay days to prevent harassment of debtors by unscrupulous money lenders like Pathans and others. This work is confined to big cities like Bombay, Poona, Sholapur, Jalgaon and Amraoti, where there is heavy concentration of big factories and mills. 234 instances of illicit money lending business were detected by the field staff of the Money Lenders administration, while 8 cases of this nature were detected by the Police during the year under review.

Rates of Interest:

10. The ceilings on the rates of interest viz. 9% per annum on secured loans and 12% per annum on unsecured loans chargeable by private money lenders continued to be in force during the year under report. Under the Act a money lender is permitted to levy a charge of Re. 1 if the total amount of interest chargeable according to the prescribed rates in respect of all loans advanced to a debtor during a year is less than a rupee.

11. The Money Lenders in Vidarbha area continued to press their demand for an upward revision in the rates of interest on petty loans, particularly in view of the increase in the Bank Rate. Government, however, did not consider it necessary to revise the same.

Maintenance of Accounts:

12. The provisions of the Act and Rules thereunder enjoin on a licensed money lender to maintain his accounts in the prescribed

forms and to issue loan statements, acknowledgments for cash payments from debtors, plain and complete receipts for articles pawned or pledged as security as also annual statements of accounts.

13. Section 35-C of the Bombay Money Lenders Act provides for composition of technical and/or minor offences viz. those under Sections 18 and 19 thereof by the Registrars of Money Lenders concerned. It has since been experienced that this provision enabled the Registrar of Money Lenders to speed up disposal of cases of such contraventions and thus eliminate delays involved in the collection of evidence for launching prosecutions.

Amendments to the Act:

14. No amendments to the Bombay Money Lenders Act were made during the year under report. Some of the forms prescribed under Sections 18 and 19 of the Act were, however, modified suitably in order to bring out the purpose underlying the Act and Rules thereunder.

Transactions of Money Lenders:

15. The licensed money lenders not exempted under Section 22 of the Act advanced loans to the tune of Rs. 18,26,61,832 out of which Rs. 6,96,18,967 were advanced to traders while Rs. 11,30,42,865 to non-traders. The licensed money lenders exempted under Section 22 of the Act also advanced loans to the extent of Rs. 12,52,25,850 out of which Rs. 12,22,89,501 were advanced to traders and Rs. 29,36 349 to non-traders. Thus the private money lenders holding valid licences advanced Rs. 30 78,87,682 to the needy debtors, during the year under report as against Rs. 40·36 crores advanced by the Co-operative Sector during the same period.

It may not be out of place to advert here to the fact that the All-India Rural Credit Survey Report had originally estimated the total credit requirements of agriculturists at the rate of Rs. 130 crores in the erstwhile Bombay State in the year 1955, of which not more than Rs. 15 crores were met by the Co-operative Sector and the rest by the private money lenders which worked out to a little more than 9% by Co-operative Sector and 91% by the Private Sector. During the course of the succeeding 5 years from 1955-56 to 1960-61, however, the picture had changed and the Co-operative Sector had increased from strength to strength since its over-all contribution to

rural credit had gone up to Rs. 40·34 crores which worked out to approximately at the rate of 30% as against 9% in the year 1955-56. However, it will be clear from the above statistics that the overall contribution of the licensed money lenders was not more than Rs. 30 crores or so, which means that some of the money lenders were carrying on money lending business illicitly or were not covered by the information collected or at best were purely casual money lenders advancing loans to their relatives and friends. It may be stated here that casual money lenders are not required to obtain licences under the Act. To some extent the decrease in private money lending business during the last decade, could also be attributed to the tenancy laws operating in this State.

16. Tagavi loans advanced by Government during 1960-61 were of the order of Rs. 6,99,49,650 out of which Rs. 1,67,64,331 were for wells, Rs. 3,59,01,115 for land improvement and Rs. 1,72,84,203 under the Agriculturists Loans Act.

Thus, it would be seen from the foregoing statistical data that the private money lenders continued to play an important role in the rural credit structure.

Prosecutions:

17. There were 110 cases pending at the beginning of the year and 415 fresh cases were launched during the year under report. Thus, out of the total of 525 cases, 315 cases were decided during the said year of which 259 cases ended in conviction and 43 cases in acquittal making a total of 302 cases. The total amount of fine realised during the year under report amounted to Rs. 6,891. The remaining 13 cases were, however, withdrawn, as in one, case, the accused expired while in the rest, the offences were allowed to be compounded. This leaves a balance of 210 cases pending with the various Courts.

Special measures for protection of backward class people:

18. High incidence of indebtedness amongst the Backward Class people has given rise to their victimisation at the hands of money lenders in some cases. With a view to giving protection to the debtors belonging to Backward Classes, instructions were issued to all the district officers to see that accounts of money lenders are checked very carefully, more particularly their transactions with Adivasi and other Backward Class debtors and to take suitable action

under the law, wherever necessary. Instructions were also issued directing the field officers to pay visits to places declared as Scheduled areas.

19. In accordance with a Government directive arrangements were made to take a sample survey of indebtedness in two districts from Vidarbha and two districts from Marathwada. During the course of sample survey it was revealed that the main bulk of loans obtained by the Adivasis was for unproductive purposes of which the percentage of debts over three years was high. It would further be worth mentioning that the debtors refused to give out names of money lenders to whom they were indebted.

Visits under Section 13-A of the Act and inspection of accounts by the Field Officers :

20. During the year under report, the Inspectors of Money lenders/ Co-operative Officers and Assistant Registrars of Money Lenders paid 3,505 and 176 visits respectively to the business premises of money lenders under Section 13-A of the Act.

21. The marginally noted details regarding the number of accounts of money lenders inspected by the Inspectors of Money-Lenders/Co-operative Officers, Assistant Registrars of Money Lenders and Registrars of Money Lenders will reveal that the work of inspection of accounts was properly attended to during the year under report.

Accounts Inspected by :	*No.*
1. Inspectors of Money-Lenders / Co-operative Officer.	8,696
2. Assistant Registrars of Money-Lenders.	2,585
3. Registrars of Money-Lenders.	320

22. The offence of doing money lending business without a licence was already made a cognizable one. Complaints regarding illicit money lending business were received in some cases by the police authorities who filed 43 cases against money lenders in various Courts during the year under report. Out of these 43 cases, 18 cases were decided by Courts of which 14 cases ended in conviction and 4 in acquittal. Further there were 31 complaints pending investigation with the police as on 31st July 1961.

Inspections of the Office of Registrars and Assistant Registrars of Money Lenders:

23. The Personal Assistant to the Registrar General of Money Lenders inspected the marginally noted offices during the year under report, with a view to ensuring that the checks prescribed under the Act and Rules thereunder as also Government orders were being properly exercised in compliance with the statutory provisions by the money lenders. The difficulties experienced by the staff in implementation of the Act were solved personally during these inspections.

1. Registrar of Money Lenders, Kolhapur.
2. Registrar of Money Lenders, Poona.
3. Registrar of Money Lenders, Bombay.
4. Assistant Registrar of Money Lenders, Kolhapur District.
5. Assistant Registrar of Money Lenders, Ratnagiri.
6. Assistant Registrar of Money Lenders, Poona.
7. Assistant Registrar of Money Lenders, Bombay.

Cost of Establishment:

24. The Special Staff sanctioned for administration of the Bombay Money Lenders Act was continued till 20th February 1961 and accordingly the expenditure incurred on this account upto that date amounted to Rs. 1,96,737 approximately on the entire gazetted and non-gazetted establishment till 28th February 1961 as against an income of Rs. 56,800 approximately accrued to Government by way of fees for licences under the Bombay Money Lenders Act.

Cases of Departmental Enquiries etc.:

No case of departmental enquiry against any Government servant of the Money Lenders Section occurred till 20th February 1961.

CHAPTER—III

General Review of the Working of the Act.

In view of the recommendations contained in the All-India Rural Credit Survey Report, the administrative organisation for the implementation of the Bombay Money Lenders Act, was re-organised with effect from 1st August 1957 and more staff devoted exclusively to implementation of the Bombay Money Lenders Act was appointed. During the last four years, since then efforts were made to stabilise administration of the Act, and to train the staff who had to be made aware of the evasive practices of the unsocial elements. The money lenders were also gradually getting reconciled to the discipline envisaged under the Act. The debtors were equally made aware of their rights and duties and educated to co-operate with the administrative machinery in effectively enforcing the provisions of the Act and Rules thereunder.

2. The provisions of the Bombay Money Lenders Act were suitably modified and the Act was applied to Vidarbha and Marathwada areas with effect from 1st February 1960. Necessary additional staff was also appointed for implementing the Act therein.

3. It was, however, considered by Government that instead of dealing with the problem of rural credit in an isolated manner, it would give better results if co-ordination amongst all the wings of the Co-operative Department could be established and that since the private money lenders play an important role in the scheme of rural credit, the work of its control and regulation should be entrusted to the staff working in all the wings of the Co-operative Department. It is hoped that the above steps will ensure better control and regulation of rural and urban credit both under the Co-operative and Private Sectors which are closely inter-linked. The field staff of the Co-operative Department moving in the interior parts of the State for strengthening the Co-operative Movement will be required to be in closer touch with the needy villagers and to exercise more vigilence over the surreptitious activities of money lenders. The co-ordinated efforts of the field staff at all levels will, it is expected, facilitate effective implementation of the Bombay Money Lenders Act and Rules thereunder.

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